

MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK

**SPECIAL SESSION
September 26, 2006**

The Board of Supervisors of Maricopa County Arizona convened in Special Session at 12:30 p.m., September 26, 2006, Freedom Room, 401 W. Jefferson Phoenix, Arizona, with the following members present: Don Stapley, Chairman, District 2; Fulton Brock, Vice Chairman, District 1, Andrew Kunasek, District 3, Max W. Wilson, District 4 and Mary Rose Wilcox, District 5. Also present: Fran McCarroll, Clerk of the Board; Liz Evans, Administrative Coordinator; David Smith, County Manager; Chris Keller, Chief Counsel, Civil Division; and Vicki Mangiapane, Deputy County Attorney. Votes of the Members will be recorded as follows: aye-nay-absent-abstain.

**~ Chairman Stapley declared a conflict with the following item,
handed the gavel to Vice Chairman Brock, and left the meeting ~**

PLANNING AND DEVELOPMENT

This item is continued from the September 6, 2006 and September 25, 2006 meetings.

S2006-022 District 1
Applicant: Arroyo Pacific Partner LLC
Location: Southwest corner of Lemon Avenue and Riggs Road (in the Chandler Heights area)
Request: Final Plat in the Rural-43 RUPD zoning district for Sonterra (approx. 21.26 gross acres)

Assistant County Manager Joy Rich addressed the Board to say that this item is ready for approval and all County requirements have been met. Motion was made by Supervisor Wilson, seconded by Supervisor Wilcox, and unanimously carried (4-0-0-1) to approve this final plat. (Clerk's Note: [not part of the formal minutes] See minutes for the September 6 and September 25, 2006, formal board meetings for previous action on this item. See subsequent action on this final plat in the formal board minutes of December 20, 2006.)

~ Chairman Stapley returned to the meeting and resumed the Chair ~

DOWNTOWN OFFICE CAMPUS DEVELOPMENT AND MAJOR CIP INITIATIVES

Item: Presentation and discussion regarding the downtown office buildings, downtown campus, and other major Capitol Improvement Program (CIP) initiatives including discussing the implementation of a downtown campus Constitutional theme. (C7006038800) (ADM811-012)

Deputy County Manager Sandi Wilson explained that the Office of Management and Budget (OMB) presentation was intended to be more of a discussion about a process for CIP initiatives rather than specific buildings or projects. Ms. Wilson asked the Board to focus on making some decisions about whether they were willing to incur debt in order to fund some potential projects. If so, OMB recommends a 20-25 year span on the debt. OMB is aware of the Board's concern about incurring debt and therefore, they have designed a policy to pay down the debt in an expedited fashion, should the Board decide to borrow money to complete these projects. Ms. Wilson told the Board that once it has been determined how much capital will be available, the Board will need to provide direction as to how to move forward. Ms. Wilson added that money has already been set aside for major maintenance and operating costs of new buildings.

Deputy Budget Directors Chris Bradley and Brian Hushek presented a number of recommendations from OMB for the Board to consider when prioritizing capitol improvement projects. The highest priority should be placed on court facilities and the services/facilities that interact with them. Operational efficiencies,

particularly in criminal justice, are critical to maintaining sustainable, structurally-balanced budgets over the long term. They presented the following points related to planning for criminal justice needs.

- While considerable time and effort has been spent on regional court facilities so far, the work has been done to replace existing space without adding much capacity.
- The Regional Court Center and the Early Disposition Court, which are critical to controlling the jail average length of stay, are both beyond capacity.
- The County cannot add in-house attorneys because there is no available space, but relying on contract attorneys will be a growing financial liability in the long term.
- A replacement for the Sheriff Inmate Transportation Hub needs to be developed to increase efficiency and reduce operational costs.

A number of other critical capital needs will have to be addressed at some point. The lease for the space occupied by the Sheriff and County Attorney in the Wells Fargo building will expire within the next two years, so replacement space must be secured as soon as possible. The Sheriff's 911 Call Center will need to be moved once a decision has been reached regarding the disposition of their present location. The Santa Fe Freight Depot needs to be remodeled and a decision needs to be made about what should be done with the Emergency Operations Center.

Tom Manos, Chief Financial Officer, presented an overview of the County's current financial condition and some possible strategies for financing capital projects. After assessment, Mr. Manos has concluded:

- The County does not have the capacity under the Expenditure Limitation Rule to pay cash for the planned capital projects.
- The County can probably earn more on its invested cash than the cost of borrowing.
- The flat yield curve reduces the savings that would otherwise result from shorter maturities.
- Longer maturities would give the county greater flexibility because the County can pay down the debt more rapidly in times of surplus and can make regularly scheduled payments during times of budget challenges.

Mr. Manos recommended the following financing strategies for the Board to consider:

- Issue short term debt (at least 12 months) for projects that could have been paid for with cash.
- Retire short term debt when Expenditure Limitation requirements have been met and the cost of the debt exceeds the investment earnings.
- Issue longer term debt for projects to be funded from future, on-going revenues.

The advantages to these financing strategies are that they keep capital expenditures out of the Expenditure Limitation, are financially more efficient, and give the County greater budget flexibility.

Discussion ensued between the Board members and the various departments that were present regarding financing options that would allow the County to proceed with the projects that are critical now while benefiting the County for the long term. Ms. Wilson recommended that the Board make some decisions as to the order of priority for potential capital projects, allowing OMB to come back with some more specific costs and funding options.

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~Chairman Stapley called for a short break ~

MEETING RECONVENED

County Manager David Smith said that in 1999 – 2000 a number of County committees looked at the future implications of technology as it applied to field staff, the idea of decentralization, and its impact on the need for office space in the future. Ms. Rich and Mr. Bradley reported on the realities of what they have learned about applied technologies in departments like Planning and Development and the Court System. Technology can create efficiencies with regards to physical space, productivity and customer service that do not always equate to a reduction in staff. However, it does mean that staff may do their work differently. In customer contact departments there will always be the need for some face-to-face contact, but technology can reduce the demand. Ms. Rich said they have realized that technology does not necessarily replace the need for centralization. Centralization of departments and functions not only brings consistency and increases productivity where staff is concerned, it affects technology. It is more efficient, for both practical and financial reasons, to have some technologies centralized because of issues like bandwidth.

Mr. Smith commented that departments have an obligation to look at changes and new efficiencies to be gained in their business processes before moving into a new space. New models and ways of doing business should dictate how buildings are designed.

The Board came to a general consensus regarding financing, and on making the courts and related services the first priority. The Board agreed to meet in Special Session on a weekly basis to consider the issues and to move the CIP initiatives forward.

MEETING ADJOURNED

There being no further business to come before the Board, the meeting was adjourned.

ATTEST:

Don Stapley, Chairman of the Board

Fran McCarroll, Clerk of the Board